

Message Text

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LIMDIS

E.O. 11652: GDS

TAGS:

SUBJECT: SCHLESINGER/DIAZ SERRANO MEETING

1) WHITE HOUSE ENERGY ADVISER SCHLESINGER AND PEMEX
DIRECTOR GENERAL DIAZ SERRANO HAD CORDIAL DISCUSSION
OF MEXICAN OIL AND GAS DEVELOPMENT APRIL 22.

DIAZ SERRANO DESCRIBED CHIAPAS-TABASCO FINDS AS
MUCH LARGER THAN PREVIOUSLY ESTIMATED AND GAVE
SCHLESINGER A COPY OF DEGOLIER-MAC NAUGHTON LETTER
ESTIMATING PROVEN RESERVES IN CHIAPAS-TABASCO
ALONE AT 11 BILLION BARRELS. DIAZ SERRANO
INDICATED THAT THERE WERE ADDITIONAL 300 PROMISING
ONSHORE SITES, AND THAT OFFSHORE POTENTIAL EQUALS
THE ONSHORE.

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2) DIAZ SERRANO SAID ASSOCIATED GAS AMOUNTED TO
ABOUT 1000 CUBIC FEET TO THE BARREL OF OIL AND
SOMETIMES MUCH MORE. IN ADDITION, MEXICO HAS
EXCELLENT DRY GAS FIELDS. BECAUSE MEXICO HAS
NEITHER CAPACITY TO REINJECT THE GAS NOR DOMESTIC
MARKET FOR IT, IT WILL BUILD 48 INCH PIPELINE TO

CARRY UP TO 2 BILLION CF/D FROM TABASCO TO MC ALLEN, TEXAS. DIAZ SERRANO SAID THAT 1 BILLION CF/D

COULD BE ON LINE IN TWO YEARS AND THE WHOLE 2 BILLION CF/D BY 1982. DIAZ SERRANO NOTED THAT TENNECO AND TEXAS EASTERN ARE WILLING TO PARTICIPATE IN FINANCING MEXICO'S GAS EXPORT PROGRAM ON A RIGHT-OF-REFUSAL BASIS, AND TO LEASE TO PEMEX SOME NECESSARY EQUIPMENT.

3) DIAZ SERRANO INDICATED THAT MAIN CONSTRAINTS ON MEXICAN OIL AND GAS DEVELOPMENT ARE FINANCIAL, PARTICULARLY THE IMF CREDIT CEILING. PEMEX HAS NO PROBLEM GETTING CREDIT FROM US COMMERCIAL BANKS OR EXIMBANK, BUT WOULD NEED US SUPPORT IN ORDER TO GET IMF APPROVAL FOR PEMEX FINANCING OUTSIDE THE IMF LIMIT. IN RESPONSE TO SCHLESINGER'S OFFER OF TECHNICAL SUPPORT, DIAZ SERRANO SAID MEXICANS KNOW WHO TO GO TO FOR INFORMATION AND TECHNICAL ASSISTANCE; WHAT THEY NEED IS MONEY.

4) SCHLESINGER EXPRESSED INTEREST IN MEXICAN GAS AND INDICATED WE WOULD LIKELY BE WILLING TO MAKE A LONG-TERM COMMITMENT FOR GAS IMPORTS FROM MEXICO. SCHLESINGER AND DIAZ SERRANO AGREED THAT WE SHOULD PROCEED WITH FURTHER DISCUSSIONS ON GAS, POSSIBLY THROUGH CONTACTS BETWEEN QUOTE TECHNICAL END QUOTE ENERGY EXPERTS. THE PROPOSED US-MEXICO JOINT COMMISSION WOULD BE THE BEST
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UMBRELLA UNDER WHICH TO PROCEED, ALTHOUGH WITH GAS DISCUSSIONS MOVING ON A FASTER TRACK. (FYI WE ARE NOW CONSIDERING HOW BEST TO FOLLOW UP ON NATURAL GAS. END FYI) DIAZ SERRANO NOTED THE IMPORTANCE OF MAINTAINING A LOW PROFILE BECAUSE OF SENSITIVITY IN MEXICO ON OIL AND GAS DEVELOPMENT IN GENERAL, AND ESPECIALLY ON ANY FOREIGN INVOLVEMENT. CHRISTOPHER

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